

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 2545 - HB 2478**

February 21, 2014

**SUMMARY OF BILL:** Imposes an annual privilege fee of \$1,000, due by December 31 of each year, for each office operated by licensed deferred presentment service businesses and requires the proceeds from the fee to be deposited to the newly-created Financial Literacy Fund. Requires the Commissioner of the Department of Financial Institutions (DFI) to establish and maintain the Fund for the purpose of providing financial literacy grants available to all agencies that establish financial literacy programs. Requires any funds remaining unspent at the end of the fiscal year to be carried over into the following year, until expended for the purposes prescribed in this section.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue – \$1,249,000/Recurring/Financial Literacy Fund**

**Increase State Expenditures –**

**\$1,800/One-Time/Department of Financial Institutions**  
**\$73,600/Recurring/Department of Financial Institutions**  
**\$1,249,000/Recurring/Financial Literacy Fund**

**Assumptions:**

- Based on information provided by the DFI, it is estimated that the Department currently regulates approximately 1,249 deferred presentment services locations.
- The recurring increase in state revenue to the General Fund is estimated to be \$1,249,000 (1,249 x \$1,000).
- According to the Department's 2012 annual report, the average deferred presentment services company examined in the report made a profit of \$89,046 during the calendar year 2011. Therefore, it is estimated that the imposition of the \$1,000 annual privilege tax will not result in a reduction in the number of licensees.
- It is estimated that 100 percent of tax collections will be granted annually to agencies that establish financial literacy programs, resulting in a recurring increase in state expenditures of \$1,249,000.
- According to the Department, one additional Administrative Services Assistant 2 position will be required to administer the grant program. The recurring increase in state expenditures to the Department, associated with such position, is estimated to be \$73,574 (\$45,468 salary + \$16,638 benefits + \$11,468 other); the one-time increase in state expenditures to the Department is estimated to be \$1,800 for training and supplies and materials.

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## **IMPACT TO COMMERCE:**

**Increase Business Expenditures – \$1,249,000**


**Jobs Impact – Any decrease in the number of private sector jobs in Tennessee is considered not significant.**

Assumptions:

- Approximately 1,249 deferred presentment services companies will be licensed annually in Tennessee and will be required to pay the \$1,000 privilege fee.
- The total recurring increase in business expenditures is estimated to be \$1,249,000 (1,249 x \$1,000).
- Based on the Department's 2012 annual report, the average salary expense for companies examined in the report during the calendar year 2011 is estimated to be \$138,394. This number is assumed to remain constant in subsequent years.
- The estimated increase in business expenditures resulting from this bill represents 0.72 percent of the total salary expense for each location (\$1,000 / \$138,394). Therefore, any decrease in the number of private sector jobs in Tennessee is estimated to be not significant.
- Any immediate impacts on commerce and jobs in Tennessee as a result of additional financial literacy programs are estimated to be not significant.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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